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RUEHLO/AMEMBASSY LONDON PRIORITY 1303
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RUEHRH/AMEMBASSY RIYADH PRIORITY 6236
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C O N F I D E N T I A L JEDDAH 000195

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TAGS: EAIR ECON KISL KPRV PREL SA

SUBJECT: JEDDAH JOURNAL 7: NEW SAUDI AMBASSADOR TO CANADA,
MERCHANT FAMILY NEWS, SAUDIA TO PRIVATIZE BY 2008

Classified By: Consul General Tatiana Gfoeller, for
reasons 1.4 (b) and (d)

NEW SAUDI AMBASSADOR TO CANADA

¶11. (C) Rumors have been swirling around the Jeddah Consular Community for some weeks that Dr. Abdulaziz Al Suwaigh, presently Director General of the Ministry of Foreign Affairs (MFA), will be appointed the new Saudi Ambassador to Canada. A contact at MFA repeated the rumor to a Consulate employee last week. At the recent India National Day Reception, the CG was privy to a conversation between the Indian Consul General and Dr. Al Suwaigh on this subject. The Indian congratulated the doctor on his impending appointment, but observed that acclimating to the frigid Canadian climate could be a trial. Dr. Al Suwaigh informed the Indian CG that he could neither confirm nor deny this rumor, but putting his finger to his lips, he smiled and said he though he could get use to a colder climate.

MERCHANT FAMILY SPLIT?

¶13. (U) The Jeddah business community is anticipating the possible breakup of the giant Hamrani Group of companies. One of the brothers has filed a lawsuit seeking to dismantle the company after 10 years of familial conflict. Founded in 1953 by Sheikh Ali Al Hamrani, the Hamrani Group is one of the top 50 companies in Saudi Arabia and is involved in automobiles, including Nissan, banking, security systems, manufacturing, lubricants, and aviation services, as well as other enterprises.

MERCHANT FAMILY PREPARING TO TEST IPO OPPORTUNITIES

¶14. (C) The exploding Saudi stock market is inspiring many of the large family-owned Saudi corporations to consider going public with some of their assets. During the recent JEF, Pol/Econ Chief had a short conversation with Zahid Talal Zahid, one of the younger generation of managers in the influential Zahid family. He is Business Development Manager of Budget Rental Cars and confided to Pol/Econ Chief that the family was preparing to take that subsidiary public with an IPO later this year. When asked if this was a pilot project in anticipation of taking other components of the family's businesses public, he laughed and said among the family, the Budget IPO is called "the pilot project."

SAUDI AIRLINES MAY PRIVATIZE BY 2008

¶5. (C) In early March, while accompanying a team of FAA inspectors performing a technical re-certification audit on Saudi aviation maintenance facilities, Pol/Econ Chief was informed by one of the managers at Saudi Arabian Airlines (Saudia) that the general belief among Saudia management is that the company will be privatized by the end of 2008. Substantial planning and preparation is occurring now.

Gfoeller